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A surge in oil-export prices and an increase in exports of manufactured products contributed to narrowing Mexico's trade deficit to about US$5.3 billion in 1999. In its preliminary trade data for 1999, released in late January, the Secretaria de Hacienda y Credito Publico (SHCP) said last year's trade deficit compared favorably with the 1998 negative trade balance of US$7.9 billion. The SHCP said exports during the year amounted to slightly more than US$136.75 billion, an increase of more than 15% from 1998. The daily newspaper Reforma reported that Mexican exports rose steadily during the 1990s, growing from US$42.68 billion in 1991 to US$136.75 billion in 1999.

Surge in global oil prices helps boost export value

Exports of crude oil and other petroleum products amounted to US$9.9 billion during 1999, an increase of 39% from the previous year. The increased exports were mainly the result of strong global oil prices. The average price of Mexican crude oil during 1999 was US$15.61 per barrel, compared with US$10.16 in 1998, the SHCP said. Oil-export revenues in December alone reached US$1.17 billion, the highest for any month since October 1996. The average oil-export price for Mexican crude oil in December surged to US$22.15 per barrel, compared with US$14.50 during the same month in 1998. The SHCP also reported an increase of about 12.4% in exports of manufactured products, largely the result of a strong US economy during 1999. The US remains the largest market for Mexican manufactured products. Mexico's strong export performance was balanced by a surge in imports during 1999, which amounted to US$142.59 billion. Economists said the strong imports, which increased by about 13.3% from a year ago, were a sign of economic recovery in Mexico last year. Intermediate goods accounted for 77% of all imports last year, while capital goods were 14.4% and consumer products represented 8.6% of the total. The SHCP said demand for imports of consumer goods was especially strong during December. Economists said imports will continue strong as long as the Mexican economy keeps growing. President Ernesto Zedillo's administration has targeted GDP growth at 4.5% in 2000, compared with about 3.6% in 1999. The strong imports, in turn, are expected to keep the country's trade balance in a deficit for the foreseeable future. "There is no doubt that the deficit will continue to grow as a result of a recovery in expectations for economic activity," economist Jonathan Heath of Latin Source Mexico told Reuters. (Sources: Reuters, 01/24/00; El Economista, The News, 01/21/00, 01/25/00; Excelsior, Novedades, Reforma, El Universal, 01/25/00)